GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:4337
ANSWERED ON:19.04.2002
STATISTICAL ANALYSIS BY RBI
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Statistical Analysis of the Reserve Bank of India in a report on the recently conducted survey have observed that while the large companies have grown, the small-scale sector recorded substantial decline during the year 2001-02;

(b) whether the report has also pointed out that the performance of private corporate sector also showed downward trend because of the deceleration in the growth of sales and profits;

(c) whether the engineering sector is also the worst affected because of the steep fall in their earnings; and

(d) If so, the steps have been taken by the Government on the basis of report of the RBI?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (Shri Rajiv Pratap Rudy)

(a) : The study by RBI on the performance of the private corporate business sector, which did not cover small scale sector per se, has indicated that the performance of large companies, i.e. companies with paid up capital of Rs 25 crores and above, was better than that of companies belonging to smaller size classes. The growth rates of sales and post tax profits of large companies were higher than those for companies in lower size classes. The RBI, however, did not conduct any survey and the said study on the performance of the private corporate business sector is based on the abridged audited/unaudited financial results of 1209 non-financial non-Government public limited listed companies.

(b) : The performance of the private corporate sector showed a downtrend as evidenced by the deceleration in the growth of sales and profits during the first half of the year 2001-02. Sales of 1209 companies rose by 3.2 percent in the first half of 2001-02 as against a rise of 15.3 percent recorded by 1060 companies in the corresponding period of the previous year. Post tax profits registered a very low growth of 4.1 percent during the first half year of 2001-02, as against an increase of 11.3 percent in the corresponding first half of the preceding year.

(c) : According to the findings of the above study, the sales of engineering companies showed a marginal fall of 0.3 percent and profits after tax declined steeply by 48.3 percent.

(d) : The Government has taken measures targeted at improving efficiency and competitiveness of Indian companies. Some of the important measures are as below:

- Companies Act has been amended to allow` buy-back of shares, by the companies.

- Measures towards Capital account liberalisation announced in the Union budget will facilitate overseas investment in joint ventures abroad by market purchases without prior approval upto 50 percent of their net worth. Indian companies will also be able to invest abroad upto US $ 100 million on an annual basis through the automatic route, which is an increase of US $ 50 million.

- Department of Industrial Policy and Promotion has proposed to conduct sector-wise studies in respect of capital goods, electrical manufacturing, pulp and paper and cement industries with a view to enhance the competitiveness of these industries.

- To deepen reforms in stock exchanges and to provide protection to the investors, Union Budget 2002-03 proposes amendments in SEBI Act 1992.

- Additional 15% depreciation on new plant and machinery allowed for setting up a new industrial unit, or for expanding the installed capacity of existing units by at least 25 percent.

- Several measures to improve infrastructure base, especially power have been announced in the Union Budget 2002-03.